

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 COME-00 EB-08 STR-07 STRE-00 ITC-01
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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9711

UNCLAS SECTION 01 OF 02 TOKYO 13025

DEPT PASS COMMERCE FOR BIEPR/GLICK AND STR BARREDA
ELECTRONICALLY

ATTN DAS HEGINBOTHAM FROM EMIN BUTTON

E.O. 11652: N/A

TAGS: ETRD, BEXP, JA

SUBJECT: VISIT OF SEMICONDUCTOR INDUSTRY ASSOCIATION (SIA)
STUDY DIRECTOR VAN SAUN

REF: (A) TOKYO 12379, (B) STATE 175363

1. SUMMARY: SEMICONDUCTOR INDUSTRY ASSOCIATION (SIA)
DIRECTOR OF POLICY JOHN VAN SAUN MET WITH MITI, JETRO,
KEIDANREN, ELECTRONIC INDUSTRY ASSOCIATION (EIAJ) AND
VLSI RESEARCH CENTER REPS TO DISCUSS COOPERATION ON
OBJECTIVE STUDY OF SOLID STATE MICROELECTRONICS.
JAPANESE PARTICIPANTS WERE SERIOUS AND INTERESTED ALTHOUGH
REMAINED NONCOMMITTAL. EMBASSY REMAINS PREPARED TO FACILI-
TATE. WE BELIEVE USG SUPPORT AND ENDORSEMENT FOR SIA
PROPOSED STUDY UNDER TSG FRAMEWORK, HOWEVER, SHOULD
REQUIRE FULL PARTICULARS TO BE SUPPLIED BY SIA. END
SUMMARY.

2. EMBOFF ACCOMPANIED VAN SAUN TO THE FOLLOWING MEETINGS:
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JULY 6 MITI, JULY 7 JETRO, JULY 12 EIAJ, JULY 14 VLSI
RESEARCH CENTER, JULY 14 EIAJ. EMBASSY FACILITATED INTRO-
DUCTIONS FOR THE ABOVE MEETINGS, INTRODUCING VAN SAUN
AS OFFICIAL REP OF HIS INDUSTRY. WE DID NOT EXPRESS
ANY OFFICIAL AMBASSADORIAL OR EMBASSY ENDORSEMENT,
APPROVAL OR DISAPPROVAL FOR THE SUBSTANCE OF VAN SAUN'S
PRESENTATION. VAN SAUN INFORMED EMBASSY OF HIS MEETINGS

WITH MR. SHIMANOUCI, OF KEIDANREN, MR. MIYOSHI OF KEIDANREN, AMERICAN SEMICONDUCTOR COMPANIES IN TOKYO. EMBOFF DID NOT JOIN MEETING WITH R. YAMASHITA OF ACCJ. IN MEETINGS WITH MITI, JETRO, EIAJ, VLSI, AND AMBASSADOR, VAN SAUN PRESENTED THE FOLLOWING VIEWS:

3. FORTUNE MAGAZINE ARTICLE: VAN SAUN LAMENTED THE FORTUNE ARTICLE AND OTHER ANTI-JAPANESE PRESS REPORTS IN THE U.S. AND POINTED OUT THAT THIS KIND OF PRESS COVERAGE REFLECTS THE OPINION OF A MINORITY OF HARDLINE PROTECTIONISTS IN THE SILICON VALLEY WITHIN THE SIA.

4. THE SIA: VAN SAUN STRESSED THAT THE SIA WAS NOT FOUNDED AS THE LEGAL FRAMEWORK FOR PUNITIVE ANTI-JAPANESE ACTIVITIES BY PROTECTIONISTS IN THE SEMICONDUCTOR INDUSTRY. HE NOTED THAT THE SIA REPRESENTED THE ENTIRE SEMICONDUCTOR INDUSTRY AND NOT JUST THE SMALL HIGH TECHNOLOGY FIRMS IN THE SILICON VALLEY. HE EMPHASIZED THAT THE SILICON VALLEY MANUFACTURERS NEED THE SIA MORE THAN THE LARGE MANUFACTURERS NEED THE SIA. WITHOUT THE SUPPORT OF THE LARGE MANUFACTURERS, VAN SAUN STRESSED SILICON VALLEY AND THE SIA COULD NOT SURVIVE.

5. COOPERATION AND U.S. ANTI-TRUST IMPLICATIONS: IN RESPONSE TO JAPANESE CONCERN ABOUT U.S. ANTI-TRUST IMPLICATIONS OF COOPERATION WITH THE AMERICAN SEMICON-
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DUCTOR INDUSTRY, VAN SAUN POINTED OUT THAT THE CONDUCT OF THE STUDY UNDER THE ITC RUBRIC "SUPERSEDES" U.S. ANTI-TRUST LAW. VAN SAUN NOTED THAT HE HAD HAD "SUBSTANTIAL DISCUSSIONS WITH THE JUSTICE DEPARTMENT AND WAS INFORMALLY LED TO BELIEVE THERE WOULD NOT BE PROBLEMS" WITH THE CONDUCT OF THE PROPOSED STUDY.

6. PROTECTIONISM: VAN SAUN CONSISTENTLY REFERRED TO RISING TIDE OF U.S. PROTECTIONIST SENTIMENTS AS THE RATIONALE FOR THE CONDUCT OF THE PROPOSED STUDY. WITHOUT MEANINGFUL COOPERATION BETWEEN SIA AND THE JAPANESE ON THE PROPOSED STUDY, VAN SAUN EXPLAINED THAT AMERICAN BUSINESS AND POLITICAL INTERESTS WHO SUPPORT THE CONCEPT OF FREE TRADE WOULD FIND IT DIFFICULT TO OPPOSE INCREASING PROTECTIONIST SENTIMENTS IN THE U.S.: PARTICULARLY WITH AN ELECTION IN NOVEMBER.

7. SUPPORT AND ENDORSEMENT: VAN SAUN REFERRED TO SENATOR STEVENSON AND DEPUTY STR ALLAN WOLFF AS THE PRIMARY SPONSORS OF THE PROPOSED STUDY. WITHIN THE U.S. CONGRESS VAN SAUN ALSO REFERRED TO THE SUPPORT OF SENATORS: LONG, RIBICOFF, HEINTZ, GOLDWATER, BENGSTEN,

TOWER, CRANSTON, MOYNIHAN, JAVITS, HAYAKAWA, BYRD, BAKER, AND THE SUPPORT OF HOUSE WAYS AND MEANS COMMITTEE CHAIRMAN ULLMAN, AS WELL AS REPRESENTATIVES VANIK AND JONES. VAN SAUN ALSO NOTED THAT HE HAS THE SUPPORT OF USDOC ASST. SECRETARY WEIL, AND ITC COMMISSIONER MINCHEW. VAN SAUN EXPLAINED THAT A CONGRESSIONAL RESOLUTION CALLING FOR THE PROPOSED ITC STUDY COULD BE EXPECTED IN MID-AUGUST.

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8. ITC AND OBJECTIVITY: VAN SAUN ADMITTED THAT THE U.S. INTERNATIONAL TRADE COMMISSION DID NOT HAVE A GOOD RECORD IN JAPAN, BUT ARGUED THAT THE ITC WAS THE ONLY USG ORGANIZATION CAPABLE OF CONDUCTING THE PROPOSED STUDY. VAN SAUN STRESSED THAT THE ITC STUDY WOULD NOT BE USED AS AN ANTI-DUMPING OR OTHER COMPLAINT INVESTIGATION DIRECTED AT THE JAPANESE SEMICONDUCTOR INDUSTRY, BUT WOULD BE AN OBJECTIVE GLOBAL STUDY OF SOLID STATE MICROELECTRONICS.

9. VAN SAUN MET WITH EMIN AND ECOUNS ON JULY 15 JUST BEFORE DEPARTURE. HE SAID HE FELT HIS VISIT HAD BEEN AN ASTOUNDING SUCCESS AND THAT NEXT STEPS WOULD BE TO REPORT TO SIA REPS AND THEN SPEND TWO WEEKS IN WASHINGTON SOLICITING CONGRESSIONAL AND EXEC BRANCH SUPPORT.

10. EMBASSY COMMENT: JAPANESE WITH WHOM VAN SAUN MET

WERE SERIOUS AND INTERESTED IN VAN SAUN'S PRESENTATION
ALTHOUGH THEY REMAINED NONCOMMITTAL ABOUT POSSIBLE
JAPANESE GOVERNMENT AND INDUSTRY PARTICIPATION AND
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TIMING. JAPANESE INDUSTRY REPRESENTATIVES GRILLED VAN
SAUN WITH DIFFICULT QUESTIONS ABOUT: SOURCE OF ANTI-
JAPANESE PRESS IN THE U.S.; SIA'S MOTIVES' U.S. ANTI-
TRUST IMPLICATIONS OF INDUSTRY-TO-INDUSTRY COOPERATION;
U.S. PROTECTIONISM; SUPPORT FOR THE PROPOSED STUDY; AND
THEY OBJECTIVITY AND MOTIVES OF ITC INVESTIGATIONS.
EMBASSY BELIEVES SUCH QUESTIONS ARE NECESSARY IN ESTAB-
LISHING COOPERATIVE RELATIONSHIP GIVEN BACKGROUND OF
ANIMOSITY. JAPANESE GOVERNMENT AND INDUSTRY REPRESEN-
TATIVES HAVE NOT YET, HOWEVER, COMMITTED THEMSELVES
TO ANYTHING MORE THAN CONSIDERING THE POSSIBILITIES OF
CONTINUING THE PRESENT DIALOGUE.

11. EMBASSY BELIEVES FUTURE COOPERATION BETWEEN SIA AND
JAPANESE GOVERNMENT AND INDUSTRY ON PROPOSED STUDY MAY
BE POSSIBLE WITHIN TSG OR OTHERWISE, IF RELATIONSHIP IS
HANDLED CAREFULLY. GIVEN ONLY THE BROAD OUTLINES WE HAVE
SEEN OF PROPOSED WORLDWIDE STUDY, EMBASSY IS NOT YET CON-
VINCED THAT TSG, WITH ITS EMPHASIS ON JAPAN MARKET ACCESS

PROBLEMS, IS BEST FORUM FOR STUDY. WE WOULD LIKE TO SEE
A DETAILED SCOPE-OF-WORK AND OUTLINE OF JAPAN ASPECTS OF
STUDY. ANY UNPLEASANT SURPRISES WHICH CONFIRM JAPANESE
SUSPICIONS ABOUT SIA NOTED PARA 10, WILL NOT ADVANCE
MUTUAL TRUST NECESSARY FOR COOPERATION ON PROPOSED STUDY.
ALREADY JAPANESE TRADE PAPER "DENPA SHINBUN" ON SATURDAY
JULY 15 RAN PAGE 6 QUARTER PAGE STORY ON VAN SAUN'S VISIT
TITLED" "SCRIPT FOR OFFENSIVE AGAINST JAPAN: THE SPY
FROM THE SILICON VALLEY." EIAJ IS CONCERNED ABOUT PRESS
COVERAGE AT THIS STAGE DISCUSSIONS. NIHON KEIZAI SHINBUN
ON TUESDAY JULY 18 RAN PAGE ONE QUARTER PAGE STORY,
QUOTING VAN SAUN AS SOURCE, TITLED "U.S. ITC TO START
GLOBAL SURVEYS ON NON-TARIFF BARRIERS FOR SEMICONDUCTORS,
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